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County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

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MICHAEL D. ANTONOVICH
Fifth District

June 10, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**CONTRACT EXTENSION FOR WORKERS' COMPENSATION MEDICAL AND
DISABILITY MANAGEMENT SERVICES
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve award of, and instruct the Chair to sign, the attached amendment to the contract for the provision of workers' compensation medical and disability management services with Corvel Corporation for extension of the contract term for an additional 180 days.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current contract with Corvel Corporation expires July 6, 2003. A Request for Proposal (RFP) for medical and disability management services was issued on January 27, 2003. Six proposals were evaluated and the highest ranking proposer, the incumbent Corvel Corporation, was invited in March 2003 to enter into negotiations for a final contract to be approved by the Board of Supervisors. Since March, RFP process issues arose requiring further attention before a new contract can be brought before your Board.

Approval of this amendment will enable the Chief Administrative Office to continue to provide these cost containment services to our workers' compensation third party administrators and to our injured workers. The expiring contract's terms, conditions and costs remain the same. These services are necessary for reducing workers' compensation medical charges down to the California Official Medical Fee Schedule, achieving further reductions through preferred provider network arrangements and assuring injured workers receive the best quality care at the best price for the County.

"To Enrich Lives Through Effective and Caring Service"

Honorable Board of Supervisors
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Implementation of Strategic Plan Goals

The medical and disability services provided by the contractor promote and further the Board-approved Strategic Plan goals of Workforce Excellence, Organizational Effectiveness, and Fiscal Responsibility by facilitating the CAO's objective of establishing a risk management process emphasizing loss prevention and cost containment.

FISCAL IMPACT/FINANCING

The cost for medical and disability management services will continue to be paid from the Workers' Compensation Trust Fund. Currently, these services achieve savings of approximately \$90 million annually, more than offsetting contract fees.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 1996, an outside consulting firm recommended the County of Los Angeles establish a comprehensive medical and disability management program that would integrate medical fee review services with preferred provider organization channeling, nurse case management and 24-hour claim reporting. Subsequent review by another consultant in 2001 resulted in the recommendation that the County continue contracting for these services. On July 30, 2002, the Director of Personnel delegated his authority under the Los Angeles County Code Section 5.31.050 to the Chief Administrative Officer.

The State of California establishes an Official Medical Fee Schedule for workers' compensation medical billings. While employers and insurers are not required by law to follow the fee schedule and, indeed, may pay more than fee schedule, considerable savings are achieved by reducing medical billings to Official Medical Fee Schedule. Virtually all sound workers' compensation programs employ a service to reduce its medical bills. Similarly, Preferred Provider Networks achieve additional reductions in billings below Official Medical Fee Schedule and are used by most efficient workers' compensation programs. Medical and disability management services also provide

Honorable Board of Supervisors
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nurse specialists in workers' compensation to work with the medical provider to return an injured worker to productive work as soon as feasible after an injury.

County Counsel approved the amendment as to form. The County may terminate the agreement if sufficient funds are not available. The amendment contains a 30-day termination for convenience clause.

The amendment contains the County's standard provisions regarding contractor obligations and is in compliance with all applicable Board, CAO, and County Counsel requirements. The CAO's Risk Management Branch approved the insurance coverage, indemnification, and liability provisions included in the amendment.

Living Wage Program requirements do not apply to this non-Proposition A contract.

CONTRACTING PROCESS

The CAO Risk Management Branch issued a Request for Proposal (RFP) to solicit proposals for workers' compensation medical and disability management and cost containment services on January 27, 2003.

The RFP was posted on the County of Los Angeles Website (Attachment 1). An Invitation to Submit Proposal was mailed to a list of 36 vendors including nine vendors from the Office of Affirmation Action Compliance County-certified Community Business Enterprise (CBE) participating vendors listing (Attachment 2). It was advertised in the Los Angeles Times, Los Angeles Sentinel, La Opinion, and Acton/Agua Dulce newspapers.

A proposers' conference was conducted on February 7, 2003. Thirty-three companies attended that conference. Six proposals were submitted by the due date of February 28, 2003.

Honorable Board of Supervisors
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Two evaluation phases were conducted. The minimum requirements phase was conducted by the Chief Administrative Office staff and consisted of a verification of all minimum requirements and included a financial capability assessment by the Auditor-Controller. The second phase evaluation consisted of a technical review. The committee for the technical evaluation consisted of return-to-work or personnel staff of the Department of Health Services, the Sheriff's Department, the Fire Department, and the Department of Public Works in addition to Chief Administrative Office (CAO) staff having expertise in workers' compensation. Consultants from Garner Consulting participated in this phase as subject matter experts and facilitators. The committee ranked the six proposers. Independent rankings by the consultants were very similar to those of the committee. The highest ranking proposer, Corvel Corporation, was invited in March 2003, to enter into contract negotiations.

Since March, RFP process issues arose requiring further attention by the CAO before bringing the contract forward for Board approval. These issues necessitate an extension of the current contract for an additional 180 days. The County of Los Angeles Auditor-Controller, also, concurs with this extension.

IMPACT ON CURRENT SERVICES (OR PROJECTS)


None, approval of this contract provides for the continuation of existing services.

Honorable Board of Supervisors
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CONCLUSION

Please sign three copies of the attached amendment and return two copies to the CAO Risk Management Branch, attention Rocky Armfield, Risk Manager.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:RAA
CSS:AMR

Attachments (3)

c: County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller
g/Medical and Disability Management/Corvel board letter amendment 2

Bid Detail Information

Bid Number : CAO01-023
Bid Title : Workers' Compensation Medical and Disability Management and Cost Containment Services
Bid Type : Service
Department : Chief Administrative Office
Commodity : ADMINISTRATIVE SERVICES, ALL KINDS
Open Date : 1/27/2003
Closing Date : 2/28/2003 5:00 PM
Bid Amount : N/A
Bid Download : Not Available
Bid Description : The County of Los Angeles is issuing a Request for Proposals (RFP) for workers' compensation medical and disability management and cost containment services. Written questions regarding this RFP are due by February 5, 2003. a Mandatory Proposers Conference will be held on February 7, 2003. and proposals are due by 5:00 p.m., February 28, 2003.
Contact Name : Ann Rain
Contact Phone# : (213) 738-2199
Contact Email : arain@cao.co.la.ca.us
Last Changed On : 1/29/2003 3:23:09 PM

Mr. Dave Romans
Consultant
Watts and Wyatt
10 Universal City Plaza, Ste. 3500
Universal City, CA 91608

Jonni Applefield, RN, CCM,
CPDM, FNP
Director of Med. Case Mgmt.
P.O. Box 301010
Escondido, CA 92030-1010

Attachment 2
Mr. David Neubert
National Account Executive
Diversified HealthCare
Services, Inc.
201 East Sandpoint, Suite 320
Santa Ana, CA 92707

Mr. Jack Countway
TechHealth
662 West Dryden St.
Glendale, CA 91202

Mr. Art Zeiner, Jr.
President
ComplQCorp
2 South Pointe, Suite 100
Lake Forest, CA 92630

Mr. Jeff Holian
Sales Director
Express Scripts
14000 Riverport Drive
Maryland Heights, MO 63043

Mr. Kenneth Reiff, MBA
Major Accounts Manager
Kaiser Permanente
393 East Walnut St.
Pasadena, CA 91188

Ms. Leah Sdoucos
Marketing & Legal Affairs
MedInAll
150 E. Olive Avenue, Suite 213
Burbank, CA 91502

Mr. Laurence Gordon, President
Rehab Data
300 E. Magnolia Blvd., Suite 302
Burbank, CA 91502

Ms. Maureen Stratton, RN, BA,
LNC, President
GSG Associates, Inc.
1 West California #123
Pasadena, CA 91105

Mr. Brian Teeter, Marketing
Communications Manager
HNC Software Inc.
110 Theory
Irvine, CA 92612

Ms. Jodi Carpenter
Sr. Sales Executive
Metadata, Inc.
2741 Walnut Avenue, 2nd Floor
Tustin, CA 92780-7024

Ms. Debbie Pryse, Consultant
Valleon Inc.
4067 Hardwick St. #337
Lakewood, CA 90172

Mr. Michael A. Maners
President
EMedFee
2415 San Ramon Valley Blvd.
#4-410
San Ramon, CA 94583

Ms. Rodericka Francis
Anvil Insurance & Financial Svc., LLC
10243 Melvin Avenue
Northridge, CA 91374

Mr. Angel Viera
Arrow Settlement Consulting, Inc.
500 Citadel Drive, 2nd Floor
Los Angeles, CA 90040

Manuel A. Gonzalez
GMA Professional & Business
5055 Canyon Crest Drive
Riverside, CA 92507-6015

Ms. Katherine Honore'
Honore' Insurance Services
4041 Marilton Avenue, #260
Los Angeles, CA 90008

Ms. Debbie Hampton
Leslie Saunders Ins. Agency, Inc.
1535 N. Dalemabry
Lutz, FL 33548

Ms. Stephanie Patterson
RFP Insurance Agency
5601 W. Slauson Ave., Ste. 250
Culver City, CA 90230

Ms. Charlotte Ferrell
The Simply Fantastic Group
17252 Hawthorne Blvd., #221
Torrance, CA 90504

Mr. Glenn Brown
Fu-Gen, Ins. Research & Invest.
8306 Wilshire Blvd., #106
Beverly Hills, CA 90211

Mr. Rob C. Rigsby, ARM
President & CEO
United Risk Management
P.O. Box 1189
Roseville, CA 95678

Ms. Gail Diamond
Area Sales Manager
GENEX Services, Inc.
1225 West 190th Street, Ste. 360
Gardena, CA 90248

Mr. Kevin Roberts
Equity Claim Management, Inc.
65 Enterprise
Aliso Viejo, CA 92656

Mr. Brian Sandusky
Contracting & Network Development
PTPN
26635 West Agoura Road, Suite 250
Calabasas, CA 91302

Ms. Cindy A. Machowski
Director of Business Development
AR 2000 Advanced Review, Inc.
4790 Irvine Blvd., Suite 105
Irvine, CA 92620

Mr. Jack Countway
Regional Director, Sales
TechHealth - Corporate Headquarters
Hidden River Corporate Center I
8800 Grand Oak Circle, Suite 510
Tampa, FL 33637-2003

Mr. Brandon Beaver
Medfocus Radiology Network
2805 River Plaza Dr., #70
Sacramento, CA 95833

Ms. Addy Anggelico
Risk Technologies
13101 Washington Blvd., Suite 209
Los Angeles, CA 90066

Mr. Fernando X. Hubbard
GatesMcDonald
5220 Pacific Concourse Dr., Suite 200
Los Angeles, CA 90045

Mr. Dwight D. Dickerson, C.P.D.M.
Disability Consultant
Chavez-Dickerson Consulting Svcs., Inc.
550 E. Carson Plaza Dr., Suite 123
Carson, CA 90746

Mr. Jeff Modes
Account Executive
Fair, Isaac and Company
110 Theory
Irvine, CA 92612

Mr. Cole Herstam
Corporate Sales Manager
Tmesys
5483 W. Waters Ave., Ste. 1200
Tampa, FL 33634

Ms. Sonja Gregurek
Owner/Director Business Development
RehabWest
14181 Yorba Street #105
Tustin, CA 92780

Mr. David Rendeiro
GAB Robins Risk Mgmt. Services
3350 Shelby Street, Suite 300
Ontario, CA 91764

2/5/03
g/med and dis/Labels Consultants

Contract No. 71668
Amendment Number 2

AMENDMENT TO MEDICAL AND DISABILITY MANAGEMENT SERVICES AGREEMENT

This Amendment is entered into on this _____ day of _____, 2003 by and between the COUNTY OF LOS ANGELES (hereinafter referred to as County) and **CORVEL CORPORATION** (hereinafter referred to as Contractor) to amend the July 7, 1998 Medical and Disability Management Services Agreement (Agreement) between the parties.

WHEREAS, Los Angeles County Code Section 5.31.050 provides that the Director of Personnel shall have the authority and responsibility to establish, administer and operate a complete self-insured Workers' Compensation program; and

WHEREAS, pursuant to the California Government Code Section 31000.8, County is authorized to contract with private businesses to perform such services; and

WHEREAS, the County entered into the Agreement with Contractor on July 7, 1998 to provide medical and disability management services until July 7, 2001 with an option for two additional one-year extensions; and

WHEREAS, the Agreement was amended by Amendment No. 1 on May 29, 2001, and by Change Notice No. 1 on May 31, 2002, extending the term of the Agreement to July 7, 2002; and

WHEREAS, the County continues to need medical and disability management services; and

NOW, THEREFORE, THE PARTIES MUTUALLY AGREE TO AMEND THE AGREEMENT AS FOLLOWS:

1.0 Item 1.0 TERM, Subsection 1.1 is amended as follows:

"1.1 The term of this Agreement shall commence on the date first hereinabove written and shall continue in full force and effect until five (5) years and one hundred and eighty (180) days from that date. Contractor's delivery of services hereunder shall commence at a date mutually agreeable to the parties but in no event shall the implementation date be later than July 15, 1998.

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2.0 Item 6.1.6 is amended to Exhibit I, Section B as follows:

"6.1.6 PERFORMANCE GUARANTEES FOR 180 DAY EXTENSION AFTER YEAR 5

- Met all reporting requirements over the course of the previous 12 months, including data file transfer. 5
- 99.5% of the time, no payment for duplicate billings and no charge for review of duplicate billings. 5
- 35% of savings on gross billings after bill review. 10
- Contractor will reduce medical payments by 10% . 20
- OR**
- Contractor will reduce medical payments by 5%. 10
- Turnaround time will be less than or equal to 5 business days for 84% of all bills received. 5
- For in-patient hospital services not subject to the California Medical Fee Schedule and PPO discounts, the amounts paid for services must average at least 30% below the amounts charged. 5

TOTAL SCORE BONUS or PENALTY

50	Collect additional 5% of revenue generated by this contract for the period 7/7/02—7/6/03.
40	Collect additional 2.5% of revenue generated by this contract for the period 7/7/02—7/6/03.
25	Revenue neutral.
20	Pay back service fees of 2.5% of revenue generated by this contract for the period 7/7/02—7/6/03.
10 or less	Pay back service fees of 5% of revenue generated by this contract for the period 7/7/02—7/6/03."

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3.0 Exhibit II, Payment Provisions, is amended as follows:

“EXHIBIT II PAYMENT PROVISIONS”

	Year 1	Year 2	Year 3	Year 4	Year 5*
24 Hour Telephonic Reporting	\$15.00 per claim	\$15.00 per claim	\$15.00 per claim	\$15.00 per claim	\$15.00 per claim
Telephonic Medical Case Management	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour
Onsite Medical Case Management	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour
Medical Bill Review	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum
Medical/Legal Bill Review	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum
Pharmacy Bill Review	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum
Vocational Rehab. Fee Review	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum	\$.98 per line 2 line minimum 10 line maximum
Hospital PPO	17% of savings	17% of savings	17% of savings	17% of savings	17% of savings
M.D. PPO	17% of savings	17% of savings	17% of savings	17% of savings	17% of savings
UR Hospital In-Patient Services (Prospective)	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour
UR Hospital In-Patient Services (Concurrent)	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour
UR Hospital In-Patient Services (Retrospective) Hospital Bill Audit	20% of savings	20% of savings	20% of savings	20% of savings	20% of savings
UR Out-Patient Services	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour	\$60.00 per hour

* Payment during the 180 day extension period after Year 5 will be made at Year 5 rates.

4.0 Paragraph 5.1 is amended as follows:

5.1 Performance of services under this Agreement may be terminated by the County in whole or in part when such action is deemed by the County to be in its best interest. Termination of work shall be effected by delivery to the Contractor of a thirty (30) day prior written Notice of Termination specifying the extent to which the performance of work is terminated and the date upon which such termination becomes effective. Said notice of Termination shall be given by the CCA.

5.0 Paragraph 48 is added as follows:

48.0 FACSIMILE REPRESENTATION

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized offices of each party, when appearing in appropriate places on the Change Notices and Amendments prepared pursuant to Sub-paragraph 16.0 and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Notices and Amendments to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

6.0 Paragraph 49 is added as follows:

49.0 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM

49.1 Jury Service Program:

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

49.2 Written Employee Jury Service Policy.

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

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2. For purposes of this Sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Sub-paragraph. The provisions of this Sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.
3. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

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4. Contractor's violation of this Sub-paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

7.0 Paragraph 50 is added as follows:

50.0 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit VII of this Contract and is also available on the Internet at www.babysafela.org for printing purposes.

8.0 Paragraph 51 is added as follows:

51.0 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County placed a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

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Amendment Number 2


IN WITNESS THEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by its Chairman and the seal of such Board to be hereto affixed, and attested to by the Executive Officer-Clerk thereof, and the Contractor has caused this Agreement to be subscribed to on its behalf by its duly authorized officer, the day, month and the year first above written.

COUNTY OF LOS ANGELES

CONTRACTOR

The Contractor represents and warrants that the signatory to this Agreement is fully authorized to obligate the Contractor hereunder and that all corporate acts necessary to the execution of this Agreement have been accomplished.

Chair, Board of Supervisors


(Name/Title)

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
Of the Board of Supervisors

By _____

Deputy

APPROVED AS TO FORM:
LLOYD W. PELLMAN
County Counsel

By 

Deputy

APPROVED AS TO CONTRACT ADMINISTRATION:
Chief Administrative Officer

By 

G:\mtd and dist\82532_2

No shame.

No blame.

No names.

**Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.**



In Los Angeles County:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director



Los Angeles County Board of Supervisors

Gloria Molina, Supervisor, First District

Yvonne Brathwaite Burke, Supervisor, Second District

Zev Yaroslavsky, Supervisor, Third District

Don Knabe, Supervisor, Fourth District

Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Sin pena. Sin culpa. Sin peligro.

**Los recién nacidos pueden ser entregados
en forma segura en la sala de emergencia de
cualquier hospital o en un cuartel de bomberos
del Condado de Los Angeles.**



En el Condado de Los Angeles:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



Estado de California
Gray Davis, Gobernador

Agencia de Salud y Servicios Humanos
(Health and Human Services Agency)
Grantland Johnson, Secretario

Departamento de Servicios Sociales
(Department of Social Services)
Rita Saenz, Directora



Consejo de Supervisores del Condado de Los Angeles

Gloria Molina, Supervisora, Primer Distrito

Yvonne Brathwaite Burke, Supervisora, Segundo Distrito

Zev Yaroslavsky, Supervisor, Tercer Distrito

Don Knabe, Supervisor, Cuarto Distrito

Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.

¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre recibirá un brazalete igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

**Cada recién nacido merece una
oportunidad de tener una vida saludable.
Si alguien que usted conoce está pensando
en abandonar a un recién nacido, infórmele
qué otras opciones tiene.**

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

June 9, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**WORKERS' COMPENSATION MEDICAL AND DISABILITY MANAGEMENT AND COST
CONTAINMENT SERVICES CONTRACT SOLICITATION REVIEW (ITEM NO. 19,
AGENDA OF JUNE 10, 2003)**

Attached is a review conducted by the Department of Auditor-Controller (A-C) at the request of the Chief Administrative Office (CAO). The A-C reviewed the solicitation process related to this contract and made a recommendation to reconvene the contract's Scoring Committee and review its scoring. This process will extend beyond the current contract's July 6, 2003, expiration and, therefore, required the CAO placing Item No. 19 on the Board of Supervisors June 10, 2003, agenda.

Please call either me, or Rocky Armfield, County Risk Manager, at (213) 351-5346, if you have any questions.

DEJ:RA:aec

Attachment

c: Executive Officer, Board of Supervisors
County Counsel

agenda_No19_061003



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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PHONE: (213) 974-8301 FAX: (213) 626-5427

June 6, 2003

TO: David E. Janssen
Chief Administrative Officer

FROM: J. Tyler McCauley *by RSP*
Auditor-Controller

SUBJECT: **CHIEF ADMINISTRATIVE OFFICE: WORKER'S COMPENSATION
MEDICAL AND DISABILITY MANAGEMENT AND COST
CONTAINMENT SERVICES CONTRACT SOLICITATION REVIEW**

At the request of the Chief Administrative Office (CAO or Department), we have reviewed the solicitation process related to the Worker's Compensation Medical and Disability Management and Cost Containment Services initiated by the CAO Risk Management Branch. Specifically, we reviewed: (1) the Request for Proposal (RFP) to determine if it provided an adequate explanation of the proposal evaluation process, including the evaluation criteria; (2) the proposal evaluation instruments to determine if they were consistent with the RFP requirements and provided an objective basis for evaluating team member scoring; and (3) the composition of the evaluation team and the processes it used in scoring the proposals to determine if they were fair, reasonable and consistent. We also reviewed the issues noted in two complaint letters from proposers received by the CAO or Board offices.

We interviewed staff from the CAO Risk Management Branch and reviewed documents related to the RFP process, including the completed evaluation rating instruments.

Review Summary

We noted a number of areas where the contracting process could have been conducted in a more accurate and documented manner. These areas include the proposal evaluation process and the evaluation scoring. We recommend the Department reconvene the evaluation committee and require committee members to score each evaluation criterion, attempt to resolve significant differences in their scoring and explain any unresolved differences. The Department should then recompute the scores to ensure they are mathematically correct. We also found the RFP did not provide a formal appeals process in which firms could challenge their bid evaluation score and/or the evaluation process. In conjunction with County Counsel, the Department should develop a formal appeals process and advise proposers of that process at the same time it advises proposers of the revised rankings.

Subsequent to notifying proposers of their rankings, the Department received complaints from two proposers, ComplQ and Diversified. Both firms stated that the Department had not, but should have, considered their firm's actual cost containment performance with other agencies. These proposers stated that if the County had done so, the County could realize additional savings of between \$20 and \$25 million annually over the County's current provider. The Department did not include a proposers' actual performance with other agencies as an evaluation criterion because the County has no assurance that the performance a proposer achieves elsewhere will approach actual in Los Angeles County based on the characteristics of the County's caseload and bills. In addition, the accuracy of the reported performance and consistency among entities in calculation methodology has not been established. We also noted the complainants did not disclose performance on all contracts. They might have others with poorer performance. Proposers should have been aware that their actual performance in other jurisdictions was not an evaluation criterion, as none was included in the RFP. Further, no proposer raised this issue at the mandatory bidder's conference.

In lieu of evaluating performance with other agencies, the Department required each proposer to review 100 workers compensation bills which the County received this fiscal year to identify related cost containment data. The top three ranked proposers scored within three points of each other on this exercise.

These and other findings noted during our review are discussed in detail below.

Background

In January 2003, the CAO issued a RFP seeking a firm to provide workers' compensation, medical and disability management, and cost containment services. The contract was to be effective July 7, 2003, for a three year term, with two one year extensions. The Department held a mandatory bidder's conference and distributed the questions and answers to all attendees.

The CAO received six written proposals that met the minimum criteria outlined in the RFP. An evaluation committee of seven (three staff from the Department's Risk Management Branch, one staff from the Fire Department, Department of Public Works, Department of Health Services and the Sheriff's Department) evaluated the written proposals. The Department selected the firm that received the highest ranking based on the written proposals reviewed by the evaluation committee.

Bid Evaluation Process

In evaluating bid proposals, County departments usually follow the following processes. The initial step involves organizing an evaluation committee comprised of individuals responsible for reviewing and scoring each proposal. To assist the evaluation committee in scoring the proposals, County departments develop an evaluation instrument that identifies key objective evaluation criteria and numerical weights to identify important factors. The evaluation instrument also allows adequate space for the

evaluators to write comments to document their individual proposal scoring. After each committee member has evaluated the proposals, the committee meets to discuss their individual scores and, wherever possible, resolve significant scoring differences.

The RFP identified minimum qualifications that the written proposals must meet before the proposals would be evaluated. The RFP also identified the criteria that would be used to evaluate the written proposals. These criteria, and their relative weights, are shown in Table 1.

Table 1
Evaluation Criteria

Criteria	Relative Weights	Total Points
Cost	30%	300
Approach to providing required services	20%	200
Qualifications	20%	200
Quality Control Plan	15%	150
Transition plan	10%	100
Acceptance of terms and conditions	5%	50
Total	100%	1,000

Evaluation Committee

The committee members were knowledgeable of the technical requirements of the RFP and were well qualified to participate on the committee. The Department stated that each committee member independently scored the written proposals. However, the Department's evaluation committee did not always follow standard County evaluation practices. Specifically:

- The Department did not require evaluators to sign, or initial, the evaluation instruments. As a result, we were unable to match the completed evaluation instruments to the list of evaluators to confirm each evaluator on the committee actually completed an evaluation instrument.
- Although the Department stated evaluation committee members came together as a group to discuss their individual scores and attempted to resolve significant differences in their scoring, the evaluation committee members did not resolve differences in scoring or explain their rationale for large scoring discrepancies.

As a result, some evaluation criterion had a wide range in the individual scores received from the committee members. For example, one evaluator rated a proposer ten points (out of a possible 120 points) for the criterion "Experience with similar clients", while a second evaluator rated the same proposer 91 points in this criterion. Neither evaluator included comments to support his or her score. In another example, one evaluator

rated a proposer 50 points (out of a possible 100 points) for the criterion "Transition plan", while a second evaluator rated the same proposer 95 points in this criterion. Again, neither evaluator included comments to support his or her score.

We also found several instances in which the evaluators did not complete the rating instruments for one or more criteria. For example, one evaluator did not complete the rating for the criterion "Quality control" (a possible 150 points).

Significant differences in evaluator scores could suggest that the evaluation committee members did not fully understand the scoring process, or the information contained in the proposal, or both. If evaluators had resolved scoring differences and completed ratings for all evaluation criteria, the final proposal scores would likely be different.

In order to improve the integrity of the proposal evaluation process, the Department should reconvene the evaluation committee and ensure members score each evaluation criterion, attempt to resolve any significant differences in their scoring and explain and fully document any unresolved differences. The Department should also require each evaluator to sign and date the evaluation instrument.

Recommendations

The Department:

1. Reconvene the evaluation committee and ensure members score each evaluation criterion, attempt to resolve any significant differences in their scoring and explain any unresolved differences.
2. Require each evaluator to sign and date the evaluation instrument.

Proposal Evaluation Instruments

The Department developed an evaluation instrument to evaluate the written proposals. The evaluations were based on a 1,000-point scale. The evaluation instrument used to evaluate the written proposals assigned specific and relevant criteria that agreed to the requirements of the RFP. Also, the instruments provided the evaluators with the weights of importance for each criterion, and the weights were logical. Finally, the instrument included adequate space for evaluators to comment on their scores.

Evaluation Scoring

We evaluated the processes used to rank the written proposals to ensure the processes were fair, reasonable, and consistent. We also reviewed the mathematical accuracy of the scores assigned to each of the written proposals.

The Department computed the average scores of the written proposals and ranked the proposals according to this average score. However, we noted errors in the

Department's mathematical calculations to determine each proposal's average score. We attribute this to the fact that the Department manually calculated the averages. In addition, Department staff alone calculated the score for the evaluation criterion cost, and we noted numerous and material mathematical errors in the calculation of cost.

We computed the correct scores and reviewed these scores with the Department. While the overall ranking of the three highest rated proposers is the same under the corrected scores, the margin between the top two ranked proposals diminishes to approximately 90 points (as opposed to a margin of approximately 130 points under the Department's scores.) This ranking may change after the evaluation committee reconvenes to score all evaluation criteria and attempt to resolve significant differences in their scores. After this process is completed, the Department should recompute the scores and the score for cost to ensure they are mathematically correct.

Recommendation

3. After the evaluation committee reconvenes to score all evaluation criteria and attempt to resolve significant differences in their scores, the Department should recompute the scores and the score for cost to ensure they are mathematically correct.

Appeals Process

We noted that the RFP did not provide a formal appeals process through which firms could challenge their bid evaluation score and/or the evaluation process. The Department stated that they did not include a formal appeals process because one is not included in ISD's Contracting Manual. However, this has not precluded some County departments from including in their RFPs procedures for proposers to follow when appealing their scores and/or the evaluation process. These procedures include specific deadlines for proposers to submit their appeals in writing and a review of the appeals by a committee comprised of individuals not otherwise involved in the proposal evaluation process. These departments notify proposers of the final evaluation results after the appeals process is completed. In conjunction with County Counsel, the CAO should develop a formal appeals process and advise proposers of that process at the same time it advises proposers of the revised rankings.

Recommendation

4. In conjunction with County Counsel, the CAO should develop a formal appeals process and advise proposers of that process at the same time it advises proposers of the revised rankings.

Proposer Complaints

Subsequent to notifying proposers of the highest ranked proposal, the Department received written complaints from two proposers who were not the highest ranked. Both proposers complained that the Department did not include a proposer's actual performance in other jurisdictions as an evaluation criterion, and one proposer complained that it had not been recommended for the contract even though its proposed cost was less than the actual cost of the current contractor in FY 2001-02.

Actual Performance in other Jurisdictions

ComplIQ and Diversified, stated that the Department had not, but should have considered, their firm's actual performance with other agencies. These proposers stated that if the County had done so, the County could realize additional savings of between \$20 and \$25 million annually over the County's current provider.

The Department did not include a proposer's actual performance with other agencies as an evaluation criterion because actual performance is often not comparable due to many variables (e.g., medical bills subject to negotiated fee schedules or the number of litigated claimants.) The County has no assurance that the performance a proposer achieves elsewhere will approach actual in Los Angeles County based on the characteristics of the County's caseload and bills. In addition, the accuracy of the reported performance and consistency among entities in calculation methodology has not been established. We also noted the proposers did not disclose their performance on all contracts. They might have other contracts with poorer performance.

The Department developed detailed criteria that evaluated the proposer's work plan and capabilities to fulfill the RFP requirements. The detailed criteria appropriately evaluated a proposer's understanding of the RFP requirements, qualifications, reference checks, and cost containment approaches and techniques.

Proposers should have been aware that their actual performance with other agencies was not an evaluation criterion, as none was included in the RFP. Further, we listened to the tape of the mandatory bidder's conference and reviewed the written questions and answers distributed to all interested parties. We noted that at no time did any proposer request the Department to revise the evaluation criteria in the RFP to include a proposer's actual performance with other agencies.

100 Bills Test

The RFP included a mechanism through which the Department attempted to determine a proposer's actual aptitude at containing costs in Los Angeles County. Specifically, the Department submitted to each proposer 100 workers compensation medical bills which the County received this fiscal year, and requested each proposer to identify related cost containment data (e.g., reduction in gross billings and bills subject to certain reductions.) The Department evaluated this exercise under the evaluation criterion

"Approach to providing services" and weighted the results 36 points (or 3.6% of the total 1,000 points.) The top three ranked proposers scored within three points of each other on the results.

Flat Rate

ComplQ also complained that it had not been recommended for the contract even though its proposed flat rate of \$5.0 million is less than the actual payment of \$5.4 million the County made to the current provider in FY 2001-02. We noted the Department appropriately evaluated costs to provide the services in the upcoming contract term, and did not evaluate the variance of those costs from historic cost. Also, the Department required proposers to provide either a flat or a unit cost, and the Department considered the lower of the two. Finally, because cost is only one evaluation criterion weighted at 30%, a proposer could score the highest in this criterion while not being the highest ranked proposal.

Conclusion

We recommend the Department reconvene the evaluation committee and require evaluation committee members score each evaluation criterion, attempt to resolve any significant differences in their scoring and explain any unresolved differences. After the evaluation committee has done this, the Department should re-compute the average scores to ensure they are mathematically correct. In conjunction with County Counsel, the Department should also formalize an appeals process and advise proposers of that process at the same time it advises proposers of their revised results.

We would like to thank the Department's management and staff for their cooperation during our review.

If you have any questions, please contact me at (213) 974-8301, or your staff may contact DeWitt Roberts at (626) 293-1101.

JTM:DR:JK

c: Sharon Harper, Chief Deputy, Chief Administrative Office
Rocky Armstrong, Assistant Administrative Officer